



SANDRA SHEWRY
Director

State of California—Health and Human Services Agency
Department of Health Services



ARNOLD SCHWARZENEGGER
Governor

March 19, 2007

Dear Interested Parties:

**HEALTH CARE OPTIONS PROGRAM REQUEST FOR PROPOSAL (RFP) 06-55000
ADMINISTRATIVE BULLETIN 12, ADDENDUM 10**

Administrative Bulletin Number 12, Addendum 10 issued by the California Department of Health Services (CDHS), Office of Medi-Cal Procurement (OMCP), announces information and changes to Request for Proposal (RFP) for the Health Care Options Program. CDHS provides notification to interested parties of the following:

1. In response to several proposed changes to language contained in Exhibit C, General Terms and Conditions (GTC), and Exhibit D(F), Special Terms and Conditions, Prospective Proposers are referred to RFP Main, Section S, paragraph 2, Page 107, where it is stated that CDHS will not accept alterations to those Exhibits. Exhibit C is standard contract language that was developed by the California Department of General Services. Any questions regarding Exhibit C should be directed to them. Exhibit D(F) is a federal requirement for contracts receiving federal funds and cannot be altered.
2. Enclosed you will find official responses to additional Proposers' questions submitted to OMCP.
3. Addendum 10 incorporates changes to various sections of the RFP; it includes changes to:
 - RFP Main
 - Exhibit A, Attachment I – Takeover
 - Exhibit A, Attachment II – Operations
 - Exhibit B, Attachment I – Special Payment Provisions
 - Exhibit E – Additional Provisions

In order to configure the Internet and CD version of the RFP to accurately reflect the current requirements and considerations, remove the existing pages and insert the appropriate replacement pages. The website for the electronic version is www.dhs.ca.gov/omcp.

ONLINE AND CD VERSION

To update the RFP, use the instructions in the following chart. Any changes made to the RFP are published as replacement pages in the RFP.

REMOVE EXISTING PAGES	REPLACEMENT PAGES
RFP Main, page 40	RFP Main, page 40 Modified Language.
RFP Main, page 41	RFP Main, page 41 Modified Language.
RFP Main, page 42	RFP Main, page 42 Modified Language.
RFP Main, page 43	RFP Main, page 43 No change, text moved from previous page.
RFP Main, pages 50 and 51	RFP Main, pages 50 and 51 Modified language.
Exhibit A, Attachment I – Takeover, page 1-7	Exhibit A, Attachment I – Takeover, page 1-7 Deleted and modified language.
Exhibit A, Attachment I – Takeover, page 1-47	Exhibit A, Attachment I – Takeover, page 1-47 Deleted and modified language.
Exhibit A, Attachment II – Operations, Section 1, Customer Service, page 1-6	Exhibit A, Attachment II – Operations, Section 1, Customer Service, page 1-6 Modified language.
Exhibit A, Attachment II – Operations, Section 2, Informing Materials, page 2-6, 2-7 and 2-9	Exhibit A, Attachment II – Operations, Section 2, Informing Materials, page 2-6, 2-7 and 2-9 Added language.
Exhibit A, Attachment II – Operations, Section 3, Enrollment/Disenrollment Processing, page 3-27	Exhibit A, Attachment II – Operations, Section 3, Enrollment/Disenrollment Processing, page 3-27 Modified language.
Exhibit A, Attachment II – Operations, Section 3, Enrollment/Disenrollment Processing, page 3-32 and 3-33	Exhibit A, Attachment II – Operations, Section 3, Enrollment/Disenrollment Processing, page 3-32 and 3-33 Added and modified language.

REMOVE EXISTING PAGES	REPLACEMENT PAGES
Exhibit A, Attachment II – Operations, Section 8, Security and Confidentiality, page 8-4	Exhibit A, Attachment II – Operations, Section 8, Security and Confidentiality, page 8-4 Deleted and added language.
Exhibit A, Attachment II – Operations, Section 10, Health Plan Enrollment Process, page 10-1	Exhibit A, Attachment II – Operations, Section 10, Health Plan Enrollment Process, page 10-1 Deleted language.
Exhibit A, Attachment II – Operations, Section 10, Health Plan Enrollment Process, page 10-14	Exhibit A, Attachment II – Operations, Section 10, Health Plan Enrollment Process, page 10-14 Added language.
Exhibit A, Attachment II – Operations, Section 10, Health Plan Enrollment Process, page 10-16	Exhibit A, Attachment II – Operations, Section 10, Health Plan Enrollment Process, page 10-16 Modified language.
Exhibit A, Attachment II – Operations, Section 10, Health Plan Enrollment Process, page 10-19	Exhibit A, Attachment II – Operations, Section 10, Health Plan Enrollment Process, page 10-19 Deleted language.
Exhibit A, Attachment II – Operations, Section 10, Health Plan Enrollment Process, page 10-23	Exhibit A, Attachment II – Operations, Section 10, Health Plan Enrollment Process, page 10-23 Added language.
Exhibit A, Attachment II – Operations, Section 10, Health Plan Enrollment Process, page 10-24 and 10-25	Exhibit A, Attachment II – Operations, Section 10, Health Plan Enrollment Process, page 10-24 and 10-25 Modified language.
Exhibit B, Attachment I – Special Payment Provisions, page 22 of 32	Exhibit B, Attachment I – Special Payment Provisions, page 22 of 32 Added Language.
Exhibit E – Additional Provisions, page 8 of 58	Exhibit E – Additional Provisions, page 8 of 58 Deleted and modified language.
Exhibit E – Additional Provisions, page 13 of 58	Exhibit E – Additional Provisions, page 13 of 58 Deleted and modified language.
Exhibit E – Additional Provisions, page 20 of 58	Exhibit E – Additional Provisions, page 20 of 58 Added language.

REMOVE EXISTING PAGES	REPLACEMENT PAGES
Exhibit E – Additional Provisions, page 51 of 58	Exhibit E – Additional Provisions, page 51 of 58 Added language.

Prospective Proposers have five (5) working days from the issue of this transmittal to the postmark date of the proposers' response to submit any objections to the Addendum to the address below:

RFP 06-55000
Attn: Karissa Kanenaga or Ramonda Ramos
CA Department of Health Services
Office of Medi-Cal Procurement, Mail Station 4200
Health Care Options Program
P.O. Box 997413
Sacramento, CA 95899-7413
E-Mail: omcprfp0@dhs.ca.gov

Sincerely,

Original signed by *Donna Martinez*

Donna Martinez, Chief
Office of Medi-Cal Procurement

Enclosure

b) Customer Service Plan (Not to exceed 45 pages)

The Proposer shall describe how it plans to manage the Customer Service component of the Contract to ensure Contract requirements are met and performance is successful. The Proposer must organize its response into the following sections:

- i. Telephone Call Center (TCC)
- ii. Education and Outreach
- iii. Research
- iv. Customer Service Portal
- v. Provider Information Network

c) Informing Materials Plan (Not to exceed 50 pages)

The Proposer shall describe how it plans to manage the Informing Materials component of the Contract to ensure Contract requirements are met and performance is successful. The Proposer must organize its response into the following sections:

- i. Materials Development and Production
- ii. Mailing Functions
- iii. Inventory of Materials
- iv. Medi-Cal Publications

d) Enrollment/Disenrollment Processing Compliance Plan (Not to exceed 40 pages)

The Proposer shall describe how it plans to manage the Enrollment/Disenrollment Process component of the Contract to ensure Contract requirements are met and performance objectives are attained. The Proposer must organize its response into the following sections:

- i. Enrollment/Disenrollment Processing Compliance Plan
- ii. Enrollment/Disenrollment Processing Procedures and Process Group Organization Manual
- ~~ii.~~iii. HCO Operations Interface
- iv. [Processing Development Guidelines](#)
- ~~iii.~~v. Processing Tools
- ~~iv.~~vi. Documentation and Images
- ~~v.~~vii. Communication Standards
- ~~vi.~~viii. Process Availability
- ix. [Documentation Requirements](#)
- ~~vii.~~x. Process Information Dictionary
- ~~viii.~~xi. Information File Layout Description
- ~~ix.~~xii. Integrated Testing
- ~~x.~~xiii. Change Requirements
- xiv. [Evaluation of Manuals](#)
- ~~xi.~~xv. Project Monitoring
- ~~xii.~~xvi. Process Group
- xvii. Forms Processing
- xviii. Beneficiary Auto Assignment

xi. Health Plan Membership Status Letter

e) Quality Management Plan (Not to exceed 30 pages)

The Proposer shall describe how it plans to manage the Quality Management component of the Contract to ensure Contract requirements are met and performance objectives are attained. Include a description of how the Proposer will ensure that it will meet continued quality improvement within its operation. The Proposer must organize its response into the following sections:

- i. Quality Management Unit
- ii. Quality Management Standards and Procedures Manual
- iii. Quality Management Key Operational Areas
- iv. Special Quality Management Studies
- v. Quality Management Information Availability
- vi. Change Support System
- vii. HCO Program Operations Policy and Procedures Manuals
- viii. Medi-Cal Publications Quality Assurance

f) Problem Correction Process Plan (Not to exceed 25 pages)

The Proposer shall describe how it plans to manage the Problem Correction Process component of the Contract to ensure Contract requirements are met and performance is successful. The Proposer must organize its response into the following sections:

- i. Initial Problem Statements
- ii. Interim Problem Statements
- iii. Corrective Action Plan Problem Statements
- iv. Closure Notice Problem Statements

g) Reports Plan (Not to exceed 35 pages)

The Proposer shall describe how it plans to manage the Reports component of the Contract to ensure Contract requirements are met and performance is successful. The Proposer shall discuss its understanding of the following:

- i. Reports Deliverables
- ii. Production
- iii. Delivery
- iv. Reports to Managed Care Plans

h) Records Retention and Retrieval Plan (Not to exceed 10 pages)

The Proposer shall describe how it plans to manage the Records Retention and Retrieval component of the Contract to ensure Contract requirements are met and objectives are attained.

i) Security and Confidentiality Plan (Not to exceed 30 pages)

The Proposer shall describe how it plans to manage the Security and Confidentiality component of the Contract to ensure that Contract requirements are met and performance is successful. Include a brief description of how the Proposer will accomplish meeting HIPAA requirements. The Proposer must organize its response into the following sections:

i. ~~Security and Confidentiality Plan~~ Records Retention and Retrieval Policy and Procedures Manual

ii. ~~National Provider Identifier~~ Retention of HCO Program Records

iii. ~~Medi-Cal Policy Materials Security and Confidentiality Plan~~ Retrieval of HCO Program Records

iv. Certification

v. Assistance with Investigations, Disputes and Litigation

vi. Access

vii. Automated System Requirements

j) Disaster Prevention and Recovery/Business Continuity Plan (Not to exceed 40 pages)

The Proposer shall describe how it plans to manage the Disaster Prevention and Recovery component of the Contract to ensure that Contract requirements are met and performance is successful. The Proposer must present its response in a Disaster Prevention and Recovery/Business Continuity Plan.

k) Health Plan Enrollment Process Plan (If an automated system is proposed) (Not to exceed 50 pages)

The Proposer shall describe how it plans to manage the Health Plan Enrollment Process of the Contract to ensure that Contract requirements are met and performance is successful. The Proposer must organize its responses into the following sections:

- i. HPE Processing Compliance Plan
- ii. HPE Processing Procedures and Process Group Organization Manual
- iii. System Development Guidelines
- iv. Software Automation Tools
- v. Computer Hardware
- vi. Electronic Documents and Computer Generated Images
- vii. Communications Standards
- viii. System Availability
- ix. System Design Standards
- x. Document Requirements
- xi. System Processing
- xii. System Data Dictionary
- xiii. Data File layout Descriptions
- xiv. Integrated Testing
- xv. Change Requirements

- xvi. Project Monitoring
- xvii. System Group

l) Turnover Plan (Not to exceed 25 pages)

Describe in detail the Proposer's activities for the duration of Turnover. The Proposer must organize its responses into the following sections:

- i. Turnover Work Schedule
- ii. Turnover Management and Planning
- iii. Personnel
- iv. Facilities
- v. Hardware, Software and Equipment
- vi. Informing Materials and Mailing Functions
- vii. Reports
- viii. Record Retention
- ix. Files
- x. Documentation
- xi. Testing
- xii. Administrative Procedures
- xiii. Turnover Processing

m) Additional Contractual Services Plan

The Contractor shall prepare and submit to CDHS proposals for implementing, and the advantages and disadvantages of implementing, each of the following seven (7) mandatory Additional Contractual Services (ACS):

- i. Review of HCO Program Informing Materials
- ii. Pro-Active Health Care Choices
- iii. Expedited Health Plan Enrollment;
- iv. Medi-Cal Managed Care Health Plan Provider Directories
- v. Initial Health Screen Questionnaire
- vi. Extended Hours of Telephone Call Center Operations
- vii. Voluntary Beneficiary Telephone Call Center Contacts

In addition, CDHS will allow bidders to include up to five (5) optional Additional Contractual Services for the HCO Program operational areas.

For each optional ACS, the Proposer shall:

Assume that the Proposer bids \$1,200,000 for the Base Volume Range, a \$.25 reduction for each unit in the minus level and a \$1.35 increase for each unit in the plus level. Under the three (3) examples below, at the end of the bid phase the Proposer would have been paid the following amounts over the life of the phase as follows (payment will be made on a monthly schedule to be explained later):

Volume is Above the Base Volume Range (Plus Level)

Transactions for the Phase		1,270,000
Highest Base Volume Range	-	1,170,000
Transactions Above the Base Volume Range		100,000
Per Unit Plus Level Bid	x	\$1.35
Plus Level Payment		\$135,000
Base Volume Range Bid	+	\$1,200,000
Total Payment:		\$1,335,000

Volume is Within the Base Volume Range

Transactions for the Phase		1,100,112
Base Volume Range Bid		\$1,200,000
Total Payment		\$1,200,000

Volume is Below Base Volume Range (Minus Level)

Transactions for the Phase		800,000
Lowest Base Volume Range	-	900,000
Transactions Below the Base Volume Range		- 100,000
Per Unit Minus Level Bid	x	\$.25
Plus Level Payment		-\$25,000
Base Volume Range Bid	+	\$1,200,000
Total Payment		\$1,175,000

b. Cost Allocation

To prevent an inequitable distribution of cost for Enrollment/Disenrollment Transactions, HCO Informing Packet Mailings, Telephone Call Center and payments for the Enrollment Services Representatives, the Proposer is barred from submitting a bid price for any phase or extension that is less than 90% of the annualized bid price of the first phase bid price. Hourly pricing does not require annualization. For purposes of calculating the annualized rate, the first phase bid price (the identified evaluation price) shall be divided by the number of months in the first phase and then multiplied by twelve (12). Failure to comply with the minimum price bid may cause a proposal to be deemed nonresponsive.

This amount should be reported under the Minimum Base Volume Range Bid or Minimum Hourly Bid Price, on Attachments 16-2, 16-3, and 16-4, as appropriate.

Calculation Example:

In keeping with the example under Section 3, the Base Volume Range Bid for the first year is reported as \$1,200,000. The first phase is identified to be ~~an eight (8)~~ a nine (9) month period.

$$\$1,200,000 \div \underline{9} = \$\del{150,000} \underline{133,333} \text{ per month}$$

~~\$150,000~~ 133,333 X 12 = ~~\$1,800,000~~ 1,600,000 the annualized rate for the first phase.

~~1,800,000~~ 1,600,000 X 90% = ~~\$1,620,000~~ 1,440,000 The minimum annualized bid price any future year under this example.

The Minimum Hourly Bid Price is calculated in similar manner. Because the Minimum Hourly Bid Price is not annualized, the first phase bid amount is simply multiplied by 90%.

Calculation Example

The first phase Enrollment Services Representatives Group Bid Price is \$20 per service representative.

\$20.00 X 90% = \$18.00 The minimum bid price in any future year under this example.

This amount should be reported under the Minimum Base Volume Bid or Minimum Hourly Bid, as appropriate.

1) ~~CDHS~~, at its sole discretion, may request supporting documentation or reject any proposal in which bid prices are not allocated in a justifiable manner.

4. Cost Proposal Bid Price Forms

For those areas bid in the Cost Proposal, the Proposer shall complete the following Cost Proposal Bid Price forms, which can be found under the Attachment Section of this RFP. One (1) original set, five (5) copies and one (1) CD-ROM of the Cost Proposal shall be submitted in a different package than the package containing the Narrative Proposal.

The Bid Price forms shall be in the order listed below:

a. TAKEOVER BID PRICE, ATTACHMENT 16-1

The Proposer shall enter a proposed bid price for Takeover on Attachments 16-1, Takeover Bid Price and 16-9, Total Price Bid. The Takeover bid price shall not exceed \$6,000,000 and shall be subject to the CDHS review and approval. The Contractor will be required to submit a detailed listing of all Takeover expenses to OMCP within five (5) business days after the Intent to Award. This listing shall be used to adjust the bid price in the event that the incumbent is the successful bidder for the replacement of this Contract and the CDHS determines that certain Takeover requirements are not necessary. There shall be no adjustments to the Contractors Operations bid price for any Takeover cost disallowed by CDHS. The Takeover bid price will **not** be a consideration in the evaluation of the Cost Proposal.

b. OPERATIONS BID PRICE – ENROLLMENT/DISENROLLMENT TRANSACTIONS, ATTACHMENT 16-2

The Proposer shall enter a Base Volume Price for Enrollment/ Disenrollment Transactions for the Base Volume Range/Level for each phase identified on Attachments 16-2, Operations Bid Price – Enrollment/Disenrollment Transactions and 16-8, Consolidated Operations. **This bid price shall not be a per unit price.** The bid price for each phase shall be evaluated against the lowest bid price of any Proposer for the same phase with points awarded on a proportional basis as identified in Section N, 5, b, Stage 5 – Determining Cost Proposal Points Earned.

Milestone/Deliverable	Due Date (CED = Contract Effective Date)	RFP/Contract Reference
Submit Report Users Manuals	Three (3) Months Prior to Assumption of Operations	Takeover, 1.15.1.A
Provide CDHS-Approved Report Users Manuals	One (1) Month Prior to Assumption of Operations	Takeover, 1.15.1.B
Submit Enrollment/Disenrollment Processing and/or HPE Process Report Users Manuals	Three (3) Months Prior to Assumption of Operations	Takeover, 1.15.1.C
RECORDS RETENTION		
Submit Updates to Records Retention Procedures Plan	Three (3) Months Prior to Assumption of Operations	Takeover, 1.16.1.A
Implement CDHS-Approved Records Retention and Retrieval Plan	At Assumption of Operations	Takeover, 1.16.2 A
Submit Copy of Master Index of Records	One (1) Month Prior to Assumption of Operations	Takeover, 1.16.2 B
Submit Document Management Process Specifications	Two (2) Months Prior to Assumption of Operations	Takeover, 1.16.2 C
Implement CDHS-Approved Document Management Process	One (1) Month Prior to Assumption of Operations	Takeover, 1.16.2 C
Submit Records Retention and Retrieval Policy and Procedures Manual	Three (3) Months Prior to Assumption of Operations	Takeover, 1.16.2.D
Submit Records and/or Files Summary	At Assumption of Operations, and Thereafter Quarterly Throughout Term of Contract	Takeover, 1.16.2.E
SECURITY AND CONFIDENTIALITY		
Submit Security and Confidentiality Plan	One (1) Business Day After CED	Takeover, 1.17.A
Implement Security and Confidentiality Plan	Two <u>One (12) Weeks Business Day</u> After CED	Takeover, 1.17. A <u>B</u>
DISASTER PREVENTION AND DISASTER RECOVERY/BUSINESS CONTINUITY		
Submit <u>Updated</u> Disaster Prevention and Disaster Recovery/Business Continuity Plan	Four (4) Months Prior to Assumption of Operations	Takeover, 1.18.A
Ensure Storage of Back-Up Operating Instructions, Procedures and Reference Files	One (1) Month After CED	Takeover, 1.18. B
Submit Off-Site Materials Updating Procedures	Four (4) Months Prior to Assumption of Operations	Takeover, 1.18. C
Identify Back-Up Facility(ies)	Four (4) Months Prior to Assumption of Operations	Takeover, 1.18. D
HEALTH PLAN ENROLLMENT PROCESS		
Submit Health Plan Enrollment (HPE) Process Compliance Plan	Two (2) Weeks After CED	Takeover, 1.19.1

4. The name of the specific office or position within the Contractor's organization that shall be responsible for executing the Contractor's records retention responsibilities.

1.16.2 IMPLEMENTATION OF RECORDS RETENTION AND RETRIEVAL FUNCTION

The Contractor shall:

- A. Implement the CDHS-approved Record Retention and Retrieval Plan and perform the responsibilities of custodianship of the HCO Program records immediately upon the Assumption of Operations. A complete description of these responsibilities is contained in Exhibit A, Attachment II, Section 7, Records Retention and Retrieval.
- B. Submit to CDHS for review and approval a copy of the Master Index of Records no later than one (1) month prior to Assumption of Operations. The Master Index shall list, at minimum, all items under the custodianship of the Contractor, their volume, their medium, and whether they are complete in terms of the period of time required as described in Exhibit A, Attachment II, Section 7, Records Retention and Retrieval.
- C. Submit proposed Document Management Process specifications to CDHS for review and approval two (2) months prior to Assumption of Operations. Implement the CDHS-approved Document Management Process one (1) month prior to Assumption of Operations.
- D. Prepare and submit to CDHS for review and approval a copy of the Records Retention and Retrieval Policy and Procedures Manual no later than three (3) months prior to Assumption of Operations.
- E. Develop and submit to CDHS for review and approval a Records and/or Files Summary to include a brief description of all records and/or files maintained during this Contract. The first Records and/or Files Summary shall be submitted to CDHS at Assumption of Operations. The summary shall be maintained, updated, produced, and resubmitted to CDHS for review and approval on a quarterly basis thereafter, throughout the term of the Contract.

1.17 SECURITY AND CONFIDENTIALITY PLAN

The Contractor shall:

- ~~A. Submit to CDHS for review and approval a Security and Confidentiality Plan, within one (1) business day after CED. The plan shall meet the requirements as specified in the Exhibit A, Attachment II, Section 8, Security and Confidentiality.~~
- ~~A~~B. Implement the Security and Confidentiality Plan ~~two (2) weeks~~one (1) business day after CED.
- ~~B~~C. Treat all information supplied by CDHS during Takeover, Assumption of Operations, Operations and Turnover as confidential, subject to protection identified in the Security and Confidentiality Plan.

Registered Mail), to the caller for their original signature and instructing the beneficiary to follow up by securely mailing the original form to the Contractor.

The TCC staff shall attempt no less than five (5) telephone calls to the beneficiary/entity in question, seeking the beneficiary/entity to submit their completed Choice Form and/or other enrollment form to the Contractor, or to complete the Choice Form and/or other enrollment form for the applicant/beneficiary based on the information gathered during the telephone call and to send it to the applicant/beneficiary for signature, if the valid signature is missing. The Contractor shall complete the five (5) attempts within the five (5) business days of 1) ten (10) calendar days notice of the IA letter mailing, or 2) receipt of an incomplete/inaccurate form. If the applicant/beneficiary in question states, either verbally or in writing, that they do not wish to be contacted via telephone, the Contractor shall note this request in their system, and cease calling the applicant/beneficiary immediately.

- D. Ensure that a Telecommunications Device for the Deaf (TDD) telephone line is made available at all times to provide services to hearing-impaired callers. A non-automated TCC agent is only required to support the TDD line during normal business hours as the messaging system for the TDD line shall be available after normal business hours.
- E. Ensure that during non-business hours callers have the capability to leave voice mail messages. Voice mail messages shall be returned ~~within one (1) business day~~ in accordance with the timeframe listed below in Exhibit A, Attachment II, 1.4.3 M.
- F. Ensure that the TCC telephone system, the IVR process, the BIT process, IPDS, Integrated Call Tracking Information process and its related functions, shall be available for the conduct of all HCO Program Operations under the terms of this Contract at least ninety-eight percent (98%) of the total time between the hours of 7:00 AM and 6:00 PM Pacific Time, Monday through Friday, excluding State holidays, as determined by a weekly average of five (5) business days over the course of each one (1)-month reporting period.. In the event any of the above systems experience unscheduled downtime, the Contractor shall:
 - 1. Notify an on-duty CDHS HCO Program manager and the Medi-Cal Information Security Officer (ISO), either by telephone or in an in-person meeting, of any unscheduled downtime affecting the applicant/beneficiary toll-free telephone lines, BIT process and/or Call Tracking Information process within one (1) hour of the incident, or as soon as the Contractor is aware of the interruption. This notification is to be followed by written documentation, using either the Problem Correction System (for problems over which the Contractor has control), or the Incident Reporting System (for incidents over which the Contractor has no control). As soon as the cause and projected duration of the unplanned interruption is known, the Contractor shall provide that information within one (1) hour, either by telephone or in an in-person meeting to an on-duty CDHS HCO Program manager. The CDHS will

- A. Mail informing materials to Medi-Cal beneficiaries who reside in counties in which Medi-Cal managed care delivery systems (medical, dental, and/or both) are in operation.
- B. On a proactive basis, evaluate any new zip code information provided by the United States Postal System (U.S.P.S.) and make use of the U.S.P.S. Change of Address Database, as it applies to new and existing cases. The Contractor shall also use an address and telephone locator service on a proactive basis as it applies to new and existing cases.
- C. Mail language- and county-appropriate HCO informing materials to Medi-Cal beneficiaries who are designated as having 1) mandatory aid codes (those who are required to enroll in Medi-Cal Managed Care medical and/or dental plan(s), and 2) voluntary aid codes (those who have the option to enroll in a Medi-Cal managed care medical or dental plan(s)), and to HCO Presentation Sites, health plans, and other interested parties, as designated by the CDHS.
- D. Mail HCO informing materials to beneficiaries residing in counties in which managed care delivery systems become operational at any time following the Assumption of Operations under this Contract.
- E. Maintain the CDHS-approved Materials Development and Production, and Mailing Function Plan that was submitted during Takeover, per requirements in Exhibit A, Attachment I, Takeover section of this Contract.
- F. Provide appropriate storage of HCO informing materials, effective and accurate inventory management, maintenance and tracking of HCO informing materials, disposition of returned, re-usable and obsolete HCO informing materials, and retrieval, within three (3) business days, of any sample HCO informing materials requested by the CDHS.

2.5.1 MAILING OF HCO INFORMING MATERIALS

The Contractor is required to mail HCO informing materials within three (3) business days of receipt of the daily eligibles file from MEDS and the monthly reconciliation files from MEDS. Within one (1) business day of the final unsuccessful attempt to verbally contact and assist mandatory beneficiaries, as required in Exhibit A, Attachment II, Section 1.4.3.C, Telephone Call Center Standards, the Contractor shall mail a notice of the intention to auto-assign (default) to all mandatory beneficiaries who have either not submitted an accurate and complete Choice Form or not provided verbal information to complete an accurate Choice Form. The Contractor shall mail all other types of HCO informing material mailings according to the schedules approved in writing by the CDHS.

- A. HCO informing materials shall be mailed according to the schedules and within the timeframes specified in this section. Many of the mailings for which the Contractor shall be responsible shall be generated by automated processes that have been developed and implemented by the Contractor following approval by the CDHS. The types of informing materials to be mailed are described in above Section 2.4, Materials Development and Production.

- B. The Contractor shall ensure that all HCO informing materials which are included in all mailings are the most recent CDHS-approved versions of the materials. The range of available HCO informing materials will vary according to, at the least, the county, language, and aid code of the recipient. An HCO informing materials mailing is considered to be “correct” when all such variables correctly match the corresponding county, language, aid code, etc. in the recipient’s MEDS and the Contractor’s records, and which match the HCO informing materials in the appropriate Control Binder.
- C. [Informing Materials](#) packets shall be prepared no more than five (5) business days in advance of their actual mailing.

2.5.2 HCO INFORMING MATERIALS MAILINGS

The types of HCO informing materials mailings, as directed by the CDHS, that shall be generated by the Contractor include, but are not limited to:

- A. Initial Informing Mailings. This type of mailing is used to convert current Fee-For-Service counties in which one or more Medi-Cal managed care health plan(s) are to become operational. The HCO informing materials to be mailed shall be designated by the CDHS.
- B. Daily Mailings. Each business day the Contractor will receive records from MEDS that contain information on beneficiaries who are newly eligible for enrollment into Medi-Cal managed care health plans. This information is referred to herein as the “daily new eligibles files”.

Details and requirements concerning the structure, function, transmission, and processing of the daily new eligibles file is contained in Exhibit A, Attachment II, Section 10.0, Health Plan Enrollment (HPE) Process. Mailings generated in response to the receipt of daily new eligibles files include, but are not limited to, beneficiaries who:

1. Are newly eligible for Medi-Cal.
2. Have been assigned either mandatory or voluntary aid codes.
3. Reside in a county in which HCO processes Medi-Cal managed care health plan enrollments.
4. Lost Medi-Cal eligibility, were disenrolled from a Medi-Cal managed care health care plan(s) and have subsequently had Medi-Cal eligibility reinstated.

Some daily new eligibles files will contain records for beneficiaries for whom unprocessed Choice Forms are already on file with the Contractor. These Choice Forms are to be held in ‘pend’ status, called Non-Meds status. Medi-Cal applicants whose eligibility had not yet been determined have submitted these Choice Forms. Upon receiving eligibility information for these applicants (now referred to as beneficiaries) in the daily new eligibles file, the Contractor shall process the Choice Forms on file for them. No informing materials are to be mailed to these beneficiaries, unless requested by the beneficiaries themselves.

The Contractor shall:

months (but who are eligible for Medi-Cal managed care plan enrollment), shall be sent an annual renotification notice or brochure informing them of the choices available to them. Notices are sent at least sixty (60) calendar days prior to the enrollment anniversary date.

- D. Annual renotification notices or brochures shall be sent at the case head level, and shall provide renotification information for all members in the case eligible for enrollment in a managed care plan. The first renotification shall be sent at least sixty (60) calendar days prior to the first anniversary of the case head's enrollment date. If the case head is not enrolled in a plan, a renotification notice shall be sent on the first anniversary of the case head's Medi-Cal eligibility date. Renotification notices shall subsequently be mailed each year on the same anniversary date.
- E. Beneficiaries enrolled in more than one (1) plan type, either medical or dental, shall receive a single renotification notice covering both enrollments. That single notice can be sent on the annual anniversary date of either the medical or dental plan enrollment date, which ever occurs first in the calendar year.
- F. Beneficiaries who receive annual renotification notices may subsequently request HCO informing packets. The Contractor is responsible for fulfilling these requests within three (3) business days from the date the request is received at the Contractor's main operating facility, as described below in Section 2.5.8.

2.5.6 MANDATORY-TO-VOLUNTARY AID CODE STATUS CHANGE MAILINGS

Beneficiaries enrolled in a managed care medical plan and/or dental plan whose aid code has changed from mandatory to voluntary shall be sent a notice to advise them of their new set of health care options.

- A. Mandatory-to-Voluntary notices shall be mailed within three (3) business days from the date on which the Contractor receives an eligibility information record indicating that the beneficiary's aid code status has changed.
- B. Beneficiaries who receive Mandatory-to-Voluntary notices may subsequently request HCO informing packets. The Contractor is responsible for fulfilling these requests within three (3) business days from the date the request is received at the Contractor's main operating facility, as described below in Section 2.5.8.

2.5.7 MASS-MAILING AND/OR SPECIAL MAILING PROJECTS

All mass-mailing and/or special mailing projects shall adhere to the time requirements as specified in Exhibit A, Attachment II, 2.5.1, Mailing of HCO Informing Materials. Mass-mailing and special mailing projects result from a variety of activities including, but not limited to:

- A. Converting a county(ies) from Medi-Cal FFS to Medi-Cal managed care.
- B. Converting a managed care county(ies) from one managed care model type to another.

applicant/beneficiary and not disenroll the beneficiary from the health plan to which they are a member.

- h. Review each returned Choice Form that is received at the Contractor's main operating facility within the time periods specified in 3.21.1.A, B, and C above. If the returned form is found to be complete and accurate according to CDHS criteria, the Contractor shall process that form, as specified above in 3.21.1.C.1. If the returned form is again found to be incomplete and/or inaccurate, the TCC shall again attempt to correct the form in conjunction with the beneficiary who submitted it, as required in Exhibit A, Attachment II, Section 1, Customer Service, and if not successful, the form shall be returned to the beneficiary within one (1) business day of the final telephone contact attempt, as described above in 3.21.1.C.2. No Choice Form shall be returned to a beneficiary more than twice. If a form cannot be processed (due to errors and/or inaccuracies) after having been returned twice, the form shall not be processed, the applicant/beneficiary record updated, and the applicant/beneficiary shall be sent an Unable to Process letter explaining that the form cannot be processed. If the Choice Form involves a mandatory beneficiary, the mandatory beneficiary shall be placed on the default path, the default process explained in the letter, and a request made that the beneficiary either visit an ESR or CBO site, or contact the TCC for assistance.
- D. Verify that all enrollment/disenrollment transactions were accepted by MEDS. Rejected transactions shall be investigated, any discovered errors corrected, and the transactions re-submitted to MEDS within one (1) business day of notification of rejection. The Contractor shall notify the CDHS in writing, within one (1) business day of notification of rejection, if corrected information is re-submitted and again rejected. The rejection reason shall be provided to CDHS at the same time.
- E. ~~Generate~~ Mail the appropriate health plan membership status letter to the applicant/beneficiary indicating the final outcome of their health plan choice within one (1) business day of receiving the MEDS transaction log indicating the status of that applicant/beneficiary's transaction.

3.21.2 SPECIAL DISENROLLMENT REQUEST FORMS

Special disenrollment request forms allow various CDHS-approved entities as well as beneficiaries to request disenrollment from health plan membership for several reasons. These forms include, but are not limited to, Retroactive, Expedited and Plan-initiated Disenrollments. The HCO Data Library contains examples of these forms as well as policy for approval of such forms.

The Contractor shall process all special disenrollment request forms as follows:

complete and accurate form. If the additional required information or corrections are not received within the thirty (30) calendar day period, the Contractor shall record the disposition of the request into the information record for the beneficiary and cancel the exception to plan enrollment request.

- f. Review each returned exception to plan enrollment request form that is received. If a form is found to be complete and accurate according to CDHS criteria, the Contractor shall process that form, as specified above. If the returned form is again found to be incomplete and/or inaccurate, the TCC shall again attempt to correct the form in conjunction with the beneficiary/entity who submitted it, as required in Exhibit A, Attachment II, Section 1, Customer Service, and if not successful, the form shall be returned to the beneficiary/entity within one (1) business day of the final telephone contact attempt, as described above in 3.21.3.C.3.b. No form shall be returned more than twice. If a form cannot be processed (due to errors and/or inaccuracies) after having been returned twice, the form shall not be processed and the beneficiary/entity who submitted it shall be sent an Unable to Process letter explaining that the form cannot be processed. If the Choice Form involves a mandatory beneficiary who is not already a member of a health plan, that mandatory beneficiary shall be placed back on the auto assignment (default assignment) path, the Unable to Process letter shall explain the default process, and request that the beneficiary either visit an ESR at an HCO site, or contact the TCC for assistance. If an entity submitted the form, a copy of the form and notification shall also be sent to the beneficiary.
- D. Forward processed medical exception to plan enrollment request forms requiring CDHS review to the CDHS office designated to perform the required reviews. The amount of time taken by the CDHS to review exception to plan enrollment forms will not be counted against the Contractor's three (3) business day processing requirement, appearing in 3.21.3.C.1.a above.
- E. Forward information reflecting the disposition of medical and dental exception to plan enrollment request forms to MEDS within one (1) business day from the date the information was recorded into the applicant/beneficiary's information record, and verify that the transaction was accepted by MEDS. Investigate and resolve all rejected submissions as stated in 3.21.1.D above.
- F. Mail the appropriate health plan membership letter to the beneficiary, and if submitted on behalf of the beneficiary by another entity, to the entity as well, indicating the final outcome of their exception to plan enrollment request within one (1) business day of receiving the MEDS transaction log indicating the status of that beneficiary's transaction.

3.22 BENEFICIARY AUTO-ASSIGNMENT

The Contractor shall auto-assign mandatory beneficiaries if they do not submit a complete and accurate Choice Form in a timely manner or have not been granted an approval of their exception to plan enrollment request. Auto-assigning mandatory beneficiaries after forty (45) days assures that they will have a minimum of thirty (30) days to make a choice, as required by Title 22. To be subject to auto-assignment, beneficiaries must reside in a county and/or other service area that

is subject to the mandatory HCO Program, and must fall into a mandatory aid code category. If a beneficiary designated with a mandatory aid code fails to either submit a completed Choice Form, or to obtain approval of an exception to plan enrollment request, within the time period established by the CDHS, the Contractor shall enroll that beneficiary into one of the available managed care plans in the beneficiary's county of residence, within the time frame and using the auto-assignment algorithm established by the CDHS.

The Contractor shall ~~notify beneficiaries in writing~~ mail the appropriate health plan membership status letter to beneficiaries within one (1) business day of receiving the MEDS transaction log indicating the status of their transaction. This letter shall inform them that they have been enrolled in a health plan, the reasons that enrollment occurred, and the effective date of that enrollment. The Contractor shall also advise beneficiaries of the process they are to use if they wish to disenroll from the health plan to which they were auto-assigned (default-assigned), and to enroll into another available health plan.

3.23 HEALTH PLAN MEMBERSHIP STATUS LETTERS

The Contractor shall provide health plan membership status letters, to applicants, beneficiaries and the entities who submitted the request forms on their behalf, in the following instances:

- A. Within one (1) business day on which enrollment and/or disenrollment information is either accepted or rejected by MEDS and/or the CDHS due to the following methods:
 - 1. Plan enrollment via the auto-assignment (default) process
 - 2. Choice Form processing
 - 3. Special disenrollment request form processing
 - 4. Exception to plan enrollment request form processing
- B. In accordance with Exhibit A, Attachment II, Section 2.5, Mailing Functions: 1) ~~Within~~ within three (3) business days of receipt of the daily new eligibles file, ~~provide~~ mail the Intent to Assign and/or Welcome to Medi-Cal Managed Care Letters to the beneficiaries contained therein. These letters shall be provided along with applicable packet informing materials. 2) Within one (1) business day of the final unsuccessful attempt to verbally contact and assist mandatory beneficiaries, as required in Exhibit A, Attachment II, Section 1.4.3.C, Telephone Call Center Standards, mail an Intent to Assign Letter to the beneficiaries.
- C. In conjunction with Exhibit A, Attachment II, Section 1.4.3.C, Telephone Call Center Standards, within thirteen (13) business days of providing the Intent to Assign Letter and HCO Informing Materials to mandatory beneficiaries with no response received indicating a choice in enrollment, provide the appropriate Follow-Up Letters to the beneficiaries.
- D. A beneficiary who is a member of a Medi-Cal managed care health plan but who has become ineligible for benefits shall receive a notice explaining the date eligibility expired and the last date of health plan enrollment within ten (10) calendar days of the Contractor's notice of loss of eligibility.

documentation, the template of which to be submitted during Takeover for CDHS approval, to demonstrate compliance with all Security and Confidentiality requirements in this section. The Contractor shall certify, in writing, that all requirements of this section have been and shall continue to be met throughout the term of the Contract. This may include periodic compliance assessments upon CDHS request to demonstrate compliance with new State and/or federal requirements; this requirement will not be met until the CDHS approves in writing the deliverable each time it is submitted.

- C. Permit authorized CDHS and federal representatives to access any facility, equipment, and related materials covered by this Contract. Such access shall be at the discretion of the CDHS as described in Exhibit E, Additional Provisions, unless applicable law grants independent access to representatives of other CDHS and federal agencies. Only authorized CDHS representatives shall have twenty-four (24) hour access to any HCO or subcontractor facility for the purpose of unannounced inspections and monitoring activities.
- D. Secure all Contractor facilities, including disaster back-up sites, so that only authorized persons designated by the CDHS are permitted entry into the facility, and that such persons are restricted to those areas that they are permitted to access. Access control requirements shall include:
 - 1. Facility entry and control points shall be locked or guarded at all times. The Contractor shall run a status report, at a minimum, every six (6) months to ensure that all cards with no activity in a month's time are deactivated; ~~lock codes shall be changed every six (6) months throughout the Contract term.~~ Control points shall be established for each of the following areas: main entrance to the facilities, service entrances, loading platform and garage entrances; inside entrance to the facility, and secondary entrances.
 - 2. The facility(ies) shall be monitored by security guards between the hours of 7:00 AM and 6:00 PM Pacific Time, Monday through Friday, excluding State holidays. The security staff shall be responsible for entry into the facility; however, the Contractor staff shall be responsible for the issuance and monitoring of facility badges and contacting the appropriate staff for escorting guests into the facility(ies).
 - 3. The Contractor shall monitor closed-circuit TV(s) which shall record vulnerable areas (e.g., using surveillance cameras with video recording equipment), including but not limited to: the reception area; all outside entrances to the facility(ies); inside entrances to the HCO Program areas, if other Contractor accounts are served from the same location; loading docks and garages; operations facilities/room; and on/off-site vault storage areas. The Contractor shall audit each twenty-four (24) hour record within one (1) business day of recording. The closed-circuit TV(s) and recording system shall link up to a monitoring station that is operative twenty-four (24) hours a day, seven (7) days a week. The recorded information for each twenty-four (24) hour period shall be logged and kept for a minimum of one-hundred eighty (180) calendar days from the date recorded. A copy of the recorded information, in a media determined by CDHS shall be provided to the CDHS within twenty-four (24) hours of request.

10.0 HEALTH PLAN ENROLLMENT PROCESS

10.1 OVERVIEW

Nothing contained in the subsections of Section 10.0 shall be construed to state a requirement to propose an automated system. The requirements in this section are only required if an automated system is proposed and accepted as part of the Contract. Mandatory language (e.g., use of the word "shall") in the subsections of Section 10.0 states a requirement only if an automated system is proposed and accepted as part of the Contract. These requirements are in addition to, and shall not supersede, all other requirements established in Exhibit A, Attachment I, II and III.

Most Health Care Options (HCO) Program operational areas may be automated and supported by an information system which shall be referred to as the Health Plan Enrollment (HPE) Process.

The primary HCO Operations consist of the following core processes which may be automated by an HPE Process:

- Eligibility Information
- Information Processing
- Telephone Call Center
- Materials Inventory Tracking
- Informing Materials Control Binder Processes
- Enrollment Processing
- Disenrollment Processing
- Interfaces With the Medi-Cal Eligibility Determination System
- Exception to Plan Enrollment Processing
- State Fair Hearing Processing
- Problem Correction Process
- Reports
- Records Retention
- Document Management System

The first part of this section describes the operational requirements that apply to the HPE Process. The Contractor shall fully implement a comprehensive HPE Process which consists of the enrollment and disenrollment processes, supports exception to plan enrollment processing, controls the informing materials mailing process, supports the Telephone Call Center (TCC) function, generates reports, manages documents and performs various other functions.

Next, this section describes the HCO Operations standards and requirements to which the Contractor must adhere when analyzing, designing, developing, and maintaining processes and manuals for the HPE Process operations and supporting processes. These standards provide a consistent and manageable process.

The last portion of this section provides a description of the responsibilities and organization of the Contractor's HCO Operations staff responsible for the HPE

10.17.2 INTEGRATED TEST SYSTEM – CDHS RIGHTS

The CDHS reserves the right to:

- A. Test operations activities by submitting test inputs, modifying test files, and reviewing system outputs.
- B. Obtain for independent analysis any test data being used by the Contractor.
- C. Review and approve test results prior to the Contractor promoting changes to production.
- D. Attend Contractor walkthroughs to validate test case and test case results for accuracy and quality.

10.17.3 INTEGRATED TEST SYSTEM – CONTRACTOR RESPONSIBILITIES

The Contractor shall:

- A. Operate and maintain a complete and current on-line test system [for the HPE Process](#), including a test version of batch and on-line programs and test tables and files. At a minimum, the test data shall include a true reflection of daily, weekly, monthly and semi-monthly volumes of enrollment data.
- B. Identify beneficiaries' enrollments and disenrollments used for testing to maintain the integrity of routine enrollment processing operations and files using de-identified data.
- C. Generate test output, including tables, files, reports, packets, and letters. Output shall be separately identified and clearly labeled. Test outputs shall be separate from routine enrollment outputs and available to the CDHS during business hours within twenty-four (24) hours of the request.
- D. Perform enrollment and disenrollment processing in a simulated production environment.
- E. Provide the CDHS with on-line access to the test environment, test tables, and files, and submit test data independent of notice to the Contractor's testing team.
- F. Accept test enrollment and disenrollment data submitted by the CDHS on hard copy or electronic media, without notice to the Contractor's testing team (i.e., the Contractor is unaware that the test enrollment data have been submitted).
- G. Initiate and conduct a walkthrough of Integrated Test changes that are ready to be moved into the production environment. Walkthroughs of test cases and results shall include a discussion of programs that are impacted by the system change. The Contractor shall include an on-line demonstration verifying the accuracy of system changes and handouts of test results. Walkthrough materials will be conducted for system changes involving major

The CDHS may at any time notify the Contractor in writing of the need to modify HPE Process requirements. All but the most fundamental and far-reaching requirements changes shall be implemented within the fixed-price or cost-reimbursed scope of this Contract. Changes to the HPE Process requirements will be provided to the Contractor via C-Letters or ~~Process-Systems~~ Operations Instructional Letters (SPOILs), which may include a ~~Process-System~~ Development Notice (SPDN).

- B. The CDHS shall require the Contractor to implement changes mandated by policy, regulation, statute, or judicial interpretation. The CDHS requires adequate assurance that a given change has been correctly applied and meets CDHS-approved deadlines. The Contractor shall:
 - 1. Provide a work plan, change documents and related monitoring efforts for the CDHS approval for all system changes.
 - 2. Use industry standard project management principles and tools to manage, track and report status of all system change requests.
- C. The CDHS reserves the right to require the Contractor to contract with a CDHS-approved Independent Verification & Validation (IV&V) contractor for the development and/or implementation of large/complex system changes.
- D. For any Contractor-initiated changes, the Contractor shall notify the CDHS prior to implementation, providing CDHS sufficient time to review the change.

10.18.1 SYSTEM DEVELOPMENT NOTICES

- A. The CDHS shall use the System Development Notice (SDN) process to instruct the Contractor to initiate Systems Group (SG) development activity. The SDN is used to:
 - 1. Define the parameters of the change
 - 2. Identify the general functional requirements
 - 3. Prioritize the change
 - 4. Determine whether phases and deliverables shall be consolidated
 - 5. Identify prior authorized hours
 - 6. Define the type of acceptance testing and walkthroughs required
 - 7. Stipulate the requested operational date(s)
 - 8. Define any security risks associated with the change

10.18.1.1 GENERAL RESPONSIBILITIES

The Contractor shall:

shall be approved in writing by CDHS ~~via a System Functional Design/Technical System Design (SFD/TSD)~~. The SFD deliverable shall contain:

- A. A list of all changes, including but not limited to, program code, databases, screens, reports, tables, and document files, to be changed, used, or otherwise affected by the SDN.
- B. A list of all data elements to be changed, used, or otherwise affected by the SDN. Each data element listed shall be identified and described in terms of source and function.
- C. Detailed, specific definitions of all electronic files and data elements referred to in the deliverable.
- D. Step-by-step process definitions, for both computer and manual processes, including a program code-level design.
- E. Descriptions of any other SDN output.
- F. Data flow diagrams and process models to help users understand what is changed within the SDN.
- G. Timing and frequency of the system operations involved in the SDN.
- H. Special considerations in developing the TSD.
- I. A Security Risk Assessment performed by the Information Security Officer (ISO) identifying potential threats, and vulnerabilities as a result of the change.

10.18.3.3 PHASE II, TEST PLAN

The Contractor shall develop a detailed test plan describing each of the program areas modified as a result of the system change and how the Contractor intends to verify that the system changes are operating as designed. The test plan deliverable shall describe all stand-alone, parallel, stress, regression, volume, and acceptance testing to be performed. No testing is to be conducted in the absence of a CDHS-approved Test Plan. The Test Plan shall specify at a minimum:

- A. The changes to be tested.
- B. The general information required in order to perform the test.
- C. The inputs needed to perform all tests. The inputs needed for the “expected fail” test (subjecting the new system to conditions that would, according to the project requirements, cause it to discontinue processing) shall be included.
- D. The process to be used to generate test results.

- f. Number of hours each SG staff person worked on each work item, milestone, and/or project phase.
 - g. Number of hours for each phase of the project worked by each SG staff person.
 - h. Total number of staff hours worked for the entire project.
 - i. Schedule variance between projected hours to be worked and actual hours worked.
 - j. Priority category of the work item, milestone, and/or project phase.
2. The Contractor shall submit status reports for open work items on a weekly basis. Status reports for completed and/or closed work items shall be submitted monthly and shall include only those items completed and/or closed during the month.
 3. The ISO shall maintain accurate records of all risk/system assessments and remediation. The ISO must meet monthly to discuss security and privacy with CDHS.

10.20 EVALUATION OF MANUALS

The Contractor shall:

1. Demonstrate that all manuals required for the HCO Operations and the HPE Process are available, current, complete, and adequate for the Contractor's environment. CDHS shall review, evaluate and approve all procedures, training, and any other HCO Program documentation.
2. For each manual, provide walkthroughs to CDHS staff by key Contractor staff from organizational units affected by the manuals.
3. Provide to CDHS staff copies of the manuals or other CDHS-approved presentation materials for the walkthroughs. The number of copies shall be determined by CDHS.
4. Update any manual(s) found to be inadequate by CDHS within the time frames as specified in this Contract.

10.21 SYSTEMS GROUP

To implement required modifications and ongoing maintenance of the HPE Process and supporting systems, the Contractor shall establish and maintain a local on-site Systems Group (SG). The Contractor's SG shall be assigned to permanent duty stations in the Contractor's main operating facility where CDHS staff who have primary SG oversight responsibilities are stationed. SG staff [as described in the following paragraph](#) may be assigned to other facilities only while working on a Systems Development Notice (SDN), [and only with the as](#)

~~described in the following paragraph with the Contractor~~ Contractor Officer's prior written approval.

The SG shall consist of a SG Manager and a sufficient number of technical staff to meet all Contract requirements. The technical staff positions within the SG may include, but are not limited to, Systems Analysts, Systems Testers, Systems Programmers, Hardware/Telecommunications Specialists, Technical Writers, and Computer Operators. The Contractor shall also provide the SG with enough administrative staff to meet its administrative needs.

Unless otherwise directed by the CDHS, the SG shall work only on the activities identified in this section.

10.21.1 GENERAL RESPONSIBILITIES

The Contractor's SG shall:

- A. Operate and maintain the HPE Process and all supporting systems, including network infrastructure and telecommunications lines. This responsibility includes, but is not limited to:
 - 1. Updating system files and/or tables, and adding new codes or coding structures. Examples of such updates include adding, deleting, and/or modifying county codes, health plan codes, mandatory and non-mandatory beneficiary aid codes and/or zip codes.
 - 2. Maintaining software programs and applications.
 - 3. Revising the beneficiary assignment algorithm logic and health care plan effective dates.
 - 4. Adding, deleting, and/or modifying Medi-Cal Eligibility Data System (MEDS) HCO Program transaction log error codes, and/or beneficiary health plan status codes.
 - 5. Modifying system file layouts and/or processing logic in response to a change in the MEDS file layout.
 - 6. Maintaining network interfaces with the CDHS computer systems identified in this Contract.
 - 7. Monitoring and maintaining all hardware, network infrastructure, telecommunication equipment and lines.
- B. Modify application programs, manual procedures, and/or system hardware as necessary to bring HPE Process processes into compliance with existing Contract requirements.

- C. Modify application programs, manual procedures, and/or system hardware as necessary to improve HPE Process functionality.
- D. Develop new HPE Process applications and procedures, and replace old applications and procedures when additional functionality, speed, stability, etc., as needed.
- E. Maintain and revise existing system-based reports, and develop new reports to reflect system changes.
- F. Complete system modifications required for correction and/or resolution of PSs.
- G. Correct system errors caused by the implementation of system changes, provide operations support to handle production-related failures and/or problems, and perform and/or coordinate all recovery procedures.
- H. Update and maintain all system-related documentation (as described in this section).
- I. Maintain the computer operating system(s) and system components, install and maintain licensed hardware and software products and/or database components, and maintain system hardware.
- J. Except in emergency situations requiring immediate action, fully comply with all CDHS-mandated oversight, documentation, testing and approval processes when implementing any system change (including, but not limited to improvements, patches, production changes, emergency repairs, and hardware replacement).
- K. Provide user acceptance testing and end user support for all newly implemented systems modifications applied to existing systems.
- L. Provide programming support for CDHS ad hoc query and report requests when those queries and reports cannot be run from the HPE Process automated end user query/reporting interface.
- M. Provide ongoing maintenance of and support for the technology infrastructure. This includes, but is not limited to, system performance monitoring, capacity planning, system assessments and risk analysis. The Contractor shall conduct systems monitoring and analysis/assessment, as needed, but shall also be prepared to conduct systems monitoring and analysis/assessment a maximum of once a quarter ~~CDHS-if requested by CDHS assessment per Contract phase~~. The CDHS may request assessments for reasons that include, but are not limited to, compliance with statutory and/or regulatory requirements, and/or determining system readiness for proposed program changes.
- N. Perform all required systems-related quality management assessments.
- O. Provide Takeover and Turnover support.

EXPEDITED HEALTH PLAN ENROLLMENT

Updated Comprehensive Implementation Plan	25%
Implementation	25%
Post-Implementation Review and Revised Implementation	50%

MEDI-CAL MANAGED CARE HEALTH PLAN PROVIDER DIRECTORIES

Updated Comprehensive Implementation Plan	25%
Implementation	25%
Post-Implementation Review and Revised Implementation	50%

INITIAL HEALTH SCREEN QUESTIONNAIRE

Updated Comprehensive Implementation Plan	25%
Implementation	25%
Post-Implementation Review and Revised Implementation	50%

EXTENDED HOURS OF TELEPHONE CALL CENTER OPERATIONS

Updated Comprehensive Implementation Plan	25%
Implementation	25%
Post-Implementation Review and Revised Implementation	50%

VOLUNTARY BENEFICIARY TELEPHONE CALL CENTER CONTACTS

Updated Comprehensive Implementation Plan	25%
Implementation	25%
Post-Implementation Review and Revised Implementation	50%

B. ACS DD&I Invoice

Upon the receipt, acceptance, and approval from the Contracting Officer of the required scheduled deliverables for each ACS DD&I payment category identified above, the Contractor shall submit a separate invoice to the CDHS. Payments for an ACS will not be made if deliverables that have not been approved by the CDHS within three years after the CED.

1.12.1 CONTRACTOR - PROPOSED OPTIONAL ADDITIONAL CONTRACTUAL SERVICES

Contractor-Proposed Optional Additional Contract Services (ACSs) are Contractor-proposed improvements to the processes and procedures through which the Contractor achieves compliance with the Exhibit A, Scope of Work requirements. To qualify as an optional ACS, a proposed improvement must describe innovations that exceed and complement Scope of Work requirements found in Exhibit A. If the CDHS accepts and approves any of the five (5) optional proposed ACSs, the price that the CDHS will pay for the approved optional proposed ACS(s) will be the Contractor's fixed price bid with the exception of those specific work items paid under Section 1.14, Cost Reimbursement below. If implementation of an optional ACS will affect ongoing operations costs, the dollar amounts of those costs, whether positive (an actual cost to the CDHS) or negative (a savings to the CDHS), shall be included in the optional ACS price bid. DD&I, Cost Reimbursement, and Operations cost bid amounts shall be reported separately in the optional ACS proposal before being aggregated into a single optional ACS price.

All five (5) optional ACS cost categories (DD&I, cost reimbursement, operations), shall be paid and tracked separately:

Contract would allow for private or personal benefit or for any purpose that is contrary to the goals and objectives of the Contract.

- 2) An instance where the Contractor's or any subcontractor's employees, officers, or directors use their positions for purposes that are, or give the appearance of being, motivated by a desire for private gain for themselves or others, such as those with whom they have family, business or other ties.
- C. If CDHS is or becomes aware of a known or suspected conflict of interest, the Contractor will be given an opportunity to submit additional information or to resolve the conflict. A Contractor with a suspected conflict of interest will have five (5) business days from the date of notification of the conflict by CDHS to provide complete information regarding the suspected conflict. If a conflict of interest is determined to exist by CDHS and cannot be resolved to the satisfaction of CDHS, the conflict will be grounds for terminating the Contract. CDHS may, at its discretion upon receipt of a written request from the Contractor, authorize an extension of the timeline indicated herein.
- D. Contractor Responsibilities

The Contractor shall submit for CDHS review and approval, a "Conflict of Interest Disclosure Statement" (Disclosure Statement), a "Conflict of Interest Disclosure Statement Questionnaire" (Questionnaire) and as necessary, a "Conflict of Interest Disclosure Avoidance Plan" (Avoidance Plan), using the following timetable: ~~The originals as part of the proposal transmittal letter;~~

- 1) ~~An update~~Originals two (2) weeks after Contract Effective Date (CED);
- 2) An update January 1st of each calendar year thereafter;
- 3) The originals completed by new HCO Program personnel within ten (10) business days of their hire; and
- 4) An update completed by HCO Program personnel who experience a change in holdings that may create a real or apparent conflict of interest within ten (10) business of such change.

The Disclosure Statement shall fully describe any direct or indirect interest the Contractor, any parent or any subcontractor, has in any MCO, PIHP, PAHP, PCCM or other health care provider in California (as defined in Title 42, CFR, Subpart 438.810), together with the name and position description of the Contractor, any parent, or subcontractor employee, director, consultant, or officer about whom the disclosure is being made.

At a minimum, the Contractor's Disclosure Statement shall disclose the name and address of any and all MCO, PIHP, PAHP, PCCM or other health care provider in California in which:

- 1) The Contractor, or any parent corporation, or any subcontractor, or any of the Contractor's, or any parent corporation's or any subcontractor's employee, director, consultant, or officer has a direct or indirect interest of any dollar amount.
- 2) The Contractor, or any parent corporation, or any subcontractor, or any of the Contractor's or any parent corporation's or any subcontractor's employees, directors, consultants, or officers assigned to the Contract is a director, officer, partner, trustee, employee, or holder of a management position, or is self-employed; and

14. Change Orders

This Provision shall apply in cases where the CDHS alters the amount of responsibilities required under the Scope of Work or reallocates functions within the Scope of Work of the Contract, resulting in an increase or decrease of the fixed bid price. Change Orders will be utilized in cases where an adjustment is needed to the Contractor Scope of Work and/or payment. ~~All approved change orders will be incorporated into the contract through the contract amendment process.~~ Please refer to the Glossary for a definition of a Change Order. A Change Order is not a change to the Scope of Work; therefore, it does not require an amendment.

A. Change In Fixed Bid Price

The Contractor's bid prices will remain in effect for required work through the end of the Contract. In the event that the CDHS alters the amount of work required or reallocates functions within the general scope of the Contract (which the CDHS, at its sole discretion, may do at any time during the term of the Contract), in such a way as to cause a documentable increase or decrease in the required effort of the Contractor, such action by the CDHS shall be taken through a Change Order. As used in this Provision, "documentable" means that quantitative evidence can be presented to support the proposition that there is an "increase or decrease."

The following five (5) conditions will not be justification for adjustment to the bid prices:

- 1) Implementation by the Contractor of instructions contained in HCO C-Letters or other changes which would normally be made as part of the Contractor's responsibility;
- 2) Execution of a Contract responsibility for which the Contractor is already receiving reimbursement;
- 3) Changes in volumes that are within the ranges defined in Exhibit B, Budget Detail – Payment Provisions; and
- 4) Design, Development & Implementation (DD&I), maintenance, or other activities defined in the Contract as part of the contractual responsibilities, and
- 5) Additional Contractor Services (ACS) proposed by the Contractor.

B. In determining whether a price adjustment is necessary, consideration shall first be given to:

- 1) Whether this effort has been offset by the implementation of cost reduction changes initiated by either the Contractor or the CDHS, as described in Exhibit E, Additional Provisions, Section 24, Cost Reduction Change Proposals; and
- 2) Whether there are alternate means for implementing the change or whether there are resources being used elsewhere which can be made available for the change.

If the total cost for the adjustment exceeds the saving of the actions listed in (1) and (2), above, the Change Order process shall be utilized to compensate for the increased cost, plus overhead and profit.

C. Change Order Implementation

This Provision is intended for use in the case of a change in the amount of the Contractor's responsibilities that fall within the Scope of Work. If a change in the amount of the Contractor's responsibilities is proposed, the Contracting Officer shall issue a Change Order via a C-Letter

21. Contractor Resources Level

The Contract requires that the Contractor meet all the contractual requirements and responsibilities listed herein. The Contractor shall provide sufficient resources including staff and staff support to fully execute all responsibilities required under the Contract. Contractor staff, who are hired to work on the HCO Contract shall work on this Contract and this Contract alone. No staff shall be assigned duties unrelated to this Contract without the prior written consent of the CDHS.

Once per month, by the fifth (5th) business day of the month, the Contractor shall provide CDHS with two (2) staffing reports. The first (1st) report shall consist of an organizational chart, depicting each position by staff name, classification, and employee identification code, and shall be in the same format as the included in the Personnel Acquisition Plan and Organizational Structure Chart submitted and approved by CDHS at the completion of Takeover. The second (2nd) report, The Hiring Progress Report, shall provide the number of staff by function and classification currently working on the Contract. These numbers will be compared to the staffing levels by function and classification proposed in the Narrative Proposal, as modified with the approval of the Contracting Officer. This report shall be in the same format as submitted during Takeover. This report shall also show staffing by function and classification for the past twelve (12) months, beginning with the first (1st) prior month.

22. Contractor's Facilities

The Contractor is required to perform all work specified in the Contract and to acquire it's main operating facilities (which houses all internal and systems operations) in accordance with Exhibit A, Attachment I, Takeover, within a thirty (30) mile radius of the State Capitol building in Sacramento. This provision shall not apply to subcontractors and the work they perform in this Contract. This thirty (30) mile radius shall be calculated not by direct line miles but by actual miles to be driven in a car using readily accessible freeways. The Contractor shall be required to have this facility fully installed within four (4) months and two (2) weeks after the CED. However, beginning with the CED, all required HCO Takeover activities shall take place within the thirty (30) mile radius.

The CDHS shall have the irrevocable right to lease the HCO facilities utilized in performance by the Contractor under the Contract beginning at the end of the Contract operations period, or in the event of contract termination for a term of up to seven (7) years. The CDHS and the Contractor agree to negotiate in good faith to develop and agree to the terms and conditions of a lease. The rental for the facilities shall not exceed the fair market rent for comparable facilities in the same geographic area as determined by the State Department of General Services.

All work performed under the Contract shall be performed in the State of California. The building floor space area used to house the Contractor's HCO Program Operations shall be contiguous. No other uses are to be allowed within the HCO Program Operations contiguous building space. Contiguous is defined as space that can be on separate floors as long as the floors are adjacent to each other, and the floors are connected by a stairwell and elevator (i.e., first and second floors).

23. Cost or Pricing Data

Notwithstanding the requirements in the Federal Acquisition Regulations (FAR) dealing with dollar limitations for cost and pricing data, the Contractor shall submit and shall require subcontractors hereunder to submit cost or pricing data in accordance with Section 28, Escrow Bid Documents and 48 CFR, Subpart 15.4. Such cost or pricing data shall be submitted on the Cost Proposal form, Attachment 17.

Except where the price is based on adequate price competition, established catalog or market prices of commercial items sold in substantial quantities to the general public, or the price is set by law or regulation as these terms are defined in 48 CFR, Subpart 15.403 and in the Contract, this cost or pricing data shall be submitted under the following circumstances:

41. On-Site Monitoring and Audit Staff

The Contractor shall provide through the life of the Contract adequate facilities for CDHS and federal staff at the Contractor's main operating facility no later than one (1) month prior to Assumption of Operations, the following:

- A. Separate space for CDHS monitoring and change management staff not to exceed forty (40) people.
- B. 8,100 square feet to accommodate CDHS staff and necessary equipment. This space shall be in a contiguous location ([refer to Exhibit E, Additional Provisions, 22. Contractor's Facilities for the definition of "contiguous"](#)) adjacent to the main HCO Program Operations processing area and Contractor's Representative. This shall include five (5) manager offices, two (2) confidential staff offices, three (3) quiet rooms, one (1) conference room, one (1) break room area, a four hundred (400) square foot room for a personal computer and equipment with the proper cooling facilities, and a three hundred (300) square foot room for storage and supplies. Managers' offices, confidential staff offices, server room and supply room shall be equipped with locks, to which only the CDHS managers and CDHS building facilitator shall have keys.
- C. Access to bathroom facilities, which shall include showers and lockers for both men and women.
- D. Space for up to three (3) additional CDHS and/or audit staff on a temporary, as-needed basis, not to exceed seventy (70) business days in a twelve (12) month period. Equipment necessary for these audit activities, such as desks, chairs, telephones, duplicating equipment access, etc., shall be provided as well.
- E. Access to available Contractor parking space to provide free parking space for all CDHS and federal monitoring and auditing staff as well as five (5) designated CDHS visitor spaces. If the Contractor has designated parking for their managers, then designated parking shall be available for each CDHS on-site manager, adjacent to the space provided for comparable Contractor management staff. Reasonable parking accommodations shall be available for disabled staff. CDHS employees shall have the same access to parking facilities as the Contractor employees.
- F. Access to and provision of required support services such as electric outlets, two (2) for each CDHS staff desk location and sufficient others as are required including dedicated lines for CDHS equipment; Cathode-Ray Tube (CRT) cables, both power and communication, one for each CDHS desk location; printer cables; at the CDHS option, direct connect CRTs and printers to the Contractor's computer data center; personal computer connections for each support staff station; access to the main telephone box for the CDHS to install its telephone system; access to Contractor duplication equipment (the use of duplication equipment to be cost reimbursable). Seven (7) Contractor telephones connected into the Contractor's phone network shall also be provided by the Contractor as part of the bid price for the Contract. Five (5) of these phones will be used to facilitate communication between CDHS on-site staff and Contractor staff by providing simplified direct-dialing access between the two groups. The remaining two (2) phones shall be used for monitoring the Telephone Call Center staff telephone activities. The Contractor shall also provide janitorial and maintenance services and restroom and shower availability for on-site CDHS staff.
- G. In addition to the above items which are part of the fixed price, the CDHS may require the Contractor through the cost reimbursement provisions to provide modifications to this facility, such as the addition and/or installation of walls, partitions, modular furniture, any telecommunication links to the CDHS data centers and other equipment, services and monitoring tools for the CDHS to oversee the Contract.